99TH CONGRESS
1st Session

SENATE

REPORT
99-227

WAIVING THE PERIOD OF CONGRESSIONAL REVIEW FOR CERTAIN DISTRICT OF COLUMBIA ACTS AUTHORIZING THE ISSUANCE OF REVENUE BONDS

DECEMBER 19 (legislative day, DECEMBER 16), 1985.—Ordered to be printed

Mr. ROTH, from the Committee on Governmental Affairs, submitted the following

REPORT

[To accompany H.R. 3718]

The Committee on Governmental Affairs, to which was referred the bill (H.R. 3718) having considered the same, reports favorably thereon with an amendment and recommends that the bill (as amended) do pass.

REPORT

(To accompany H.R. 3718)

The Committee on Governmental Affairs, to which was referred the bill (H.R. 3718) to waive the period of Congressional review for certain District of Columbia acts authorizing the issuance of revenue bonds, having considered the same, reports favorably thereon with amendments and recommends that the bill, as amended, do pass.

PURPOSE OF THE BILL

The purpose of the bill (H.R. 3718) is to waive the 30-day Congressional review period required by Section 602(c)(1) of the District of Columbia Self-Government and Governmental Reorganization Act (The Home Rule Act) for certain specifically enumerated acts of the D.C. Council which authorize the issuance of revenue bonds.

BACKGROUND AND NEED FOR THE LEGISLATION

This bill is necessary because changes in the United States Internal Revenue Code affecting the issuance of municipal bonds may be enacted during the 99th Congress. A notable feature of those

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changes is likely to be a provision which mandates different tax treatment of municipal bond issues beginning January 1, 1986. In fact, on December 7, 1985, the House Ways and Means Committee reported a bill with such a feature.

In addition, on October 30, 1985, the House Ways and Means Committee issued a Press Release Numbered 23-A. In that Press Release, the Committee proposes that the type of bonds which are the subject of the legislation be issued prior to December 31, 1985, or be governed by more restrictive regulations. Moreover, on November 5, 1985, Congressman Dan Rostenkowski, Chairman of the Ways and Means Committee, wrote a letter to the House Committee on the District of Columbia stating in pertinent part that, "A waiver of the thirty-day Congressional review period for D.C. City Council enactments . . . would put these organizations in the same position as similar organizations domiciled in any one of the fifty states."

The District of Columbia is impacted in a special and unique way by the prospect of these changes. Under Section 602(c)(1) of the District of Columbia Self-Government and Governmental Reorganization Act, Public Law 93-198 (the "Home Rule Act"), after the D.C. government has done all it must do to pass a bond act, that act must be transmitted to the Congress for a review period of 30 legislative days. Because Congress will adjourn some time in mid-December, several D.C. government bond acts now pending before Congress will not clear the 30-day review period prior to December 31, 1985, the date fixed by the House Ways and Means Committee bill (and press release) for implementation of the Internal Revenue Code changes. Passage of H.R. 3718 will insure that Congress does not create an undue impediment to the issuance of certain bonds by the District of Columbia government and is intended to place the District on an equal footing with all other municipal bond issuers from state and local governments.

H.R. 3718, as amended by the Senate Governmental Affairs Committee, is directed at five proposed bond issues. Four of the proposed issues have been passed by the D.C. City Council and one has been through first reading and will be read for the second and final time on December 17. The five issues are as follows:

(1) The Georgetown University Higher Education Facilities Revenue Bond Act of 1985, District of Columbia Act 6-101, transmitted to the Speaker of the House and the President of the Senate November 7, 1985.

(2) The Sibley Memorial Hospital Revenue Bond Act of 1985, District of Columbia Act 6-94, transmitted to the Speaker of the House and the President of the Senate October 23, 1985.

(3) The American University Revenue Bond Act of 1985 (Series A), District of Columbia Act 6-111, transmitted to the Speaker of the House and the President of the Senate December 4, 1985.

(4) The Forrest Marbury House Project Revenue Bond Act of 1985, District of Columbia Act 6-112, transmitted to the Speaker of the House and the President of the Senate December 4, 1985.

(5) The George Washington University Revenue Bond Act of 1985 (Series A).

Two other bond issues which had been included in the original House legislation, but for which the 30-day layover has expired, have been eliminated from the bill by the Committee.

The George Washington University II bond legislation, D.C. Council bill 6-344, is expected to be read for the second and final time on December 17, 1985. As it was the last bond bill identified by the City to be available for consideration this year, the Committee has decided to include it in this legislation. The waiver will not apply, however, unless Bill 6-344 is passed by the Council before the end of the year, and then, its effective date will be the date of its enactment.

The District of Columbia government is expected to assist these institutions in the issuance of these bonds, consistent with the provisions governing the issuance of tax exempt revenue bonds as embodied in the Home Rule Act, so that the bonds may be issued at the earliest possible date.

The goal of the Committee in passing H.R. 3718 is to remove Congressional hurdles from the District's bond enactment path, in this instance. The legislation is for a limited purpose and is aimed at insuring that the December 31, 1985, trigger date from tax reform proposals currently before the Congress does not place undue burdens and impediments on the District due to the 30-day review period (The 30-day period counts legislative days in which at least one House of Congress is in session. Typically the count converts to approximately 60 calendar days).

The following letter from the Mayor of the District of Columbia and the Chairman of the City Council to the Chairman of the Senate Governmental Affairs Subcommittee on Governmental Efficiency and the District of Columbia urges the Senate adoption of H.R. 3718 and explains the City's position on this matter.

THE DISTRICT OF COLUMBIA,
Washington, DC, December 3, 1985.

Hon. CHARLES MCC. MATHIAS, Jr.,
U.S. Senate, Washington, DC.

DEAR SENATOR MATHIAS: Our letter concerns the District of Columbia Revenue Bond Act of 1985 (H.R. 3718). This legislation was passed by the U.S. House of Representatives on November 19, 1985.

H.R. 3718 would waive the 30-day Congressional review period required by Section 602(c)(1) of the District of Columbia Self-Government and Governmental Reorganization Act (The Home Rule Act) for four acts passed by the D.C. Council which authorize the issuance of revenue bonds. The four issues are as follows:

(1) The Georgetown University Higher Education Facilities Revenue Bond Act of 1985, District of Columbia Act 6-101, transmitted to the Speaker of the House and the President of the Senate on November 7, 1985.

(2) The George Washington University Revenue Bond Act of 1985, District of Columbia Act 6-76, transmitted to the Speaker of the House and the President of the Senate on October 3, 1985.

(3) The Sibley Memorial Hospital Revenue Bond Act of 1985, District of Columbia Act 6-94, transmitted to the Speaker of the House and the President of the Senate on October 23, 1985.

(4) The Washington Hospital Center Corporation Revenue Bond Act of 1985, District of Columbia Act 6-92, transmitted to the Speaker of the House and the President of the Senate on October 10, 1985.

We are requesting that you consider amending H.R. 3718, to include a waiver for additional Council revenue bond legislation. The amendment (see attached list) would include specific bills to be considered for first reading and one for second reading during the Council session scheduled for December 3, 1985. Legislation scheduled for second reading would be final; and, legislation scheduled for first reading would be completed during the Council session to be held on December 17, 1985.

Unlike other jurisdictions, the District has not been able to exercise its full authority to issue revenue bonds until recently, due to impediments and limitations over which it had no control. As a result, since the inception of the District's revenue bond program, only seven revenue bonds have been issued, six of which have been for the benefit of tax-exempt organizations.

Viewed against the backdrop of tax proposals currently pending in the Congress, the thirty-day review period creates unique problems for further implementation of the District's revenue bond program. Unlike other bond issuing authorities, the District is unable to complete legislative authorization for the issuance of revenue bonds prior to the end of the year. Although the District has completed or soon will complete its local legislative process for various revenue bond issues well before the end of the year, bonds cannot be issued for each of those transactions until the expiration of the thirty-day review period, at which time the bond act becomes effective. In other jurisdictions, adoption of an inducement resolution or other similar official action by the local issuing authority is all that is necessary to permit immediate issuance of bonds.

Bond issuing jurisdictions across the country will be approving and closing bond issues prior to the end of the year in order to avoid the effective date of the pending tax proposals. Unlike those jurisdictions, the District will be precluded from issuing bonds before the end of the year for beneficial projects because of the necessity of complying with the thirty-day review process. Therefore, other bond issuing jurisdictions have the ability to finance, and will be financing, projects the same as or similar to projects the District will be precluded from financing because of the thirty-day review period.

This legislation, we believe, will benefit not only the District of Columbia, but also citizens from elsewhere who utilize the services of the institutions included in the attached list. We hope you can assist the District in this important matter.

Sincerely,

MARION BARRY, Jr.,
Mayor.

DAVID A. CLARKE,
Chairman, Council of the District of Columbia.

ADDITIONAL BOND BILLS PROPOSED FOR WAIVER

1. George Washington University II: $52 million. Bill 6-344, 1st reading on December 3, 1985.
2. American University II: $12 million. Bill 6-324, 2nd reading on December 3, 1985.
3. Forrest Marbury House Associates, Ltd.: $6 million. Bill 6-316, 2nd reading on December 3, 1985.

Total: $70 million.

SECTION-BY-SECTION OUTLINE—H.R. 3718

H.R. 3718 waives the period of Congressional review for certain District of Columbia acts authorizing the issuance of revenue bonds.

Section 1.—The short title of the bill is the "District of Columbia Revenue Bond Act of 1985".

Section 2.—Provides for waiver of Section 602(c)(1) of the Home Rule Act for certain District of Columbia bond acts and lists those bond acts involved.

COMMITTEE ACTION

On December 9, 1985, the Committee on Governmental Affairs approved H.R. 3718, as amended, the following Members indicating approval: Roth, Stevens, Mathias, Cohen, Rudman, Cochran, Eagleton, Levin, and Gore. No Member indicated disapproval. The Committee amendments eliminated two bond acts which had completed the 30-day layover period and add three acts which the City identified as ready for Congressional review.

ESTIMATE COST OF LEGISLATION

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, December 12, 1985.

Hon. WILLIAM V. ROTH, Jr.,
Chairman, Committee on Governmental Affairs, U.S. Senate, Dirksen Senate Office Building, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has reviewed H.R. 3718, the District of Columbia Revenue Bond Act of 1985, as ordered reported by the Senate Committee on Governmental Affairs, December 11, 1985.

H.R. 3718 would waive the statutory thirty-day Congressional review period for five proposed District of Columbia revenue bond issues. Based on our review and on information from the District of Columbia, CBO estimates that enactment of this bill would result in no cost to the federal government, or to state or local governments.

If you wish further details on this estimate, we will be pleased to provide them.

With best wishes,

Sincerely,

RUDOLPH G. PENNER, *Director.*

EVALUATION OF REGULATORY IMPACT

Pursuant to the requirement of paragraph 11(b) of Rule XXVI of the Standing Rules of the Senate, the Committee has considered the regulatory and paperwork impact of H.R. 3718 and has found that no additional burden will result from passage of this legislation.

CHANGES IN EXISTING LAW

In accordance with paragraph 12 of Rule XXVI of the Standing Rules of the Senate, there are no changes in existing law made by H.R. 3718, as reported.

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